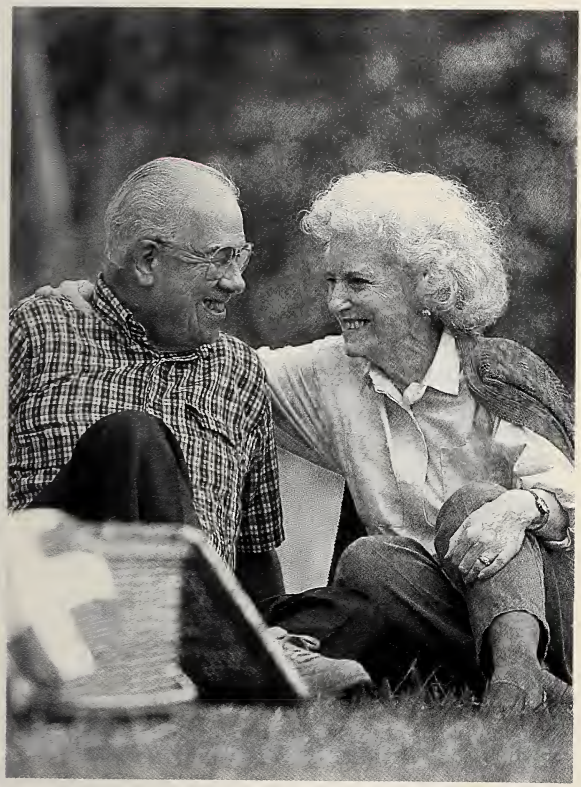
# Medicare Facts and Figures

# 1992



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## MEDICARE PART

| Service | Benefi |
|---|---|
| INPATIENT HOSPITAL CARE<br>Semiprivate room and board, general nursing and miscellaneous hospital services and supplies | First 60 days<br>Days 61 thru<br>Days 91 thru<br>Day 151 and |
| SKILLED NURSING FACILITY (SNF) CARE<br>Patient must have been in a hospital for at least 3 days and enter SNF within 30 days after leaving hospital | First 20 days<br>Days 21 thru<br>Day 101 and |
| HOME HEALTH CARE<br>Part-time or intermittent visits to one's home to provide skilled nursing care | Unlimited if are medicall necessary |
| HOSPICE CARE<br>Medical and support services related to symptom management and pain relief for the terminally ill | As long as d certifies terr condition of |
| BLOOD | Blood |

## MEDICARE PAR

| Service | Bene |
|---|---|
| MEDICAL EXPENSE<br>Physicians' services, inpatient and outpatient medical services and supplies, physical and speech therapy, ambulance, etc. | Medicare pa medical ser provided by physicians a others, in or the hospital |
| HOME HEALTH CARE<br>Part-time or intermittent visits to one's home to provide skilled nursing care | Unlimited i are medical necessary |
| OUTPATIENT HOSPITAL TREATMENT | Unlimited i medically n |
| OUTPATIENT MENTAL ILLNESS SERVICES | Treatment for mental, psychoneur personality |
| BLOOD | Blood |

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# The Need for **Medicare Supplement Insurance**

Even after Medicare pays its share of health costs, patients may still owe large debts to hospitals, physicians and other service providers. For this reason, many people purchase Medicare Supplement insurance to cover the health care costs that Medicare will not pay. A particular policy may offer some or all of the following benefits:

## Payment of Medicare Deductibles

- $652 Part A hospitalization deductible
- $100 Part B deductible
- blood deductible (first 3 pints).

## Payment of Cost-Sharing Amounts

- $163/day for 61st thru 90th days of hospitalization (up to $4,890)
- $326/day for the 91st thru 150th days of hospitalization (up to $19,560)
- $81.50/day for the 21st thru 100th days of a skilled nursing facility stay (up to $6,520)
- 20% of approved physicians' charges and all other Part B expenses.

## Payment of Excluded Charges

- prescription drugs taken outside a hospital
- private hospital room
- private duty nurses.

## Medicare Tax and Premium

Medicare Part A is paid for by a tax of 1.45% on the first $130,200 of 1992 wages, for a maximum potential tax of $1,887.90, payable by both employees and employers. For self-employeds, the tax is 2.90% of the first $130,200 of 1992 self-employment income, for a maximum potential tax of $3,775.80.

Medicare Part B is purchased with a monthly premium of $31.80 in 1992.

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## MEDICARE PART A: HOSPITAL INSURANCE—COVERED SERVICES PER BENEFIT PERIOD

| Service | Benefit | Medicare Pays | Patient Pays | Comments |
|---|---|---|---|---|
| INPATIENT HOSPITAL CARE<br>Semiprivate room and board, general nursing and miscellaneous hospital services and supplies | First 60 days | All but $652 | $652 deductible | The $652 deductible applies to each "benefit period," which begins on the first day of inpatient hospital care, and ends 60 days after the patient leaves the hospital. After a hospital stay has lasted 90 days, a patient may draw upon 60 reserve days which may be used only once in a lifetime. |
| | Days 61 thru 90 | All but $163/day | $163/day ($4,890 max.) | |
| | Days 91 thru 150 | All but $326/day | $326/day ($19,560 max.) | |
| | Day 151 and after | Zero | All costs | |
| SKILLED NURSING FACILITY (SNF) CARE<br>Patient must have been in a hospital for at least 3 days and enter SNF within 30 days after leaving hospital | First 20 days | 100% of approved amount | Zero | The SNF providing the care must be approved by Medicare. Medicare will not pay for "intermediate" or "custodial" nursing home care. |
| | Days 21 thru 100 | All but $81.50/day | $81.50/day ($6,520 max.) | |
| | Day 101 and after | Zero | All costs | |
| HOME HEALTH CARE<br>Part-time or intermittent visits to one's home to provide skilled nursing care | Unlimited if visits are medically necessary | Full cost of services; 80% of approved amount for durable medical equipment | Nothing for services; 20% of approved amount for durable medical equipment | Durable medical equipment, for which 20% copayments are required, includes such items as wheelchairs and hospital beds. |
| HOSPICE CARE<br>Medical and support services related to symptom management and pain relief for the terminally ill | As long as doctor certifies terminal condition of patient | All but (1) lesser of 5% or $5 per prescription drug, and (2) 5% of cost of respite care for a home-bound patient | (1) 5% or $5 per prescription drug, whichever is less, and (2) 5% of cost of respite care, but not more than $658 | Hospice care may be elected by terminally ill patients in lieu of regular (restorative) Medicare benefits. The 210-day limit may be extended if patient is recertified as terminally ill. |
| BLOOD | Blood | All but first 3 pints per calendar year | First 3 pints per calendar year | To the extent the blood deductible is met under one part of Medicare during the calendar year, it does not have to be met under the other part. |

## MEDICARE PART B: MEDICAL INSURANCE—COVERED SERVICES PER CALENDAR YEAR

| Service | Benefit | Medicare Pays | Patient Pays | Comments |
|---|---|---|---|---|
| MEDICAL EXPENSE<br>Physicians' services, inpatient and outpatient medical services and supplies, physical and speech therapy, ambulance, etc. | Medicare pays for medical services provided by physicians and others, in or out of the hospital | 80% of approved amount (after $100 deductible) | $100 annual deductible plus 20% of balance of approved amount, plus any charge above approved amount | Once the patient has incurred $100 of expense for covered services during the year, the Part B deductible does not apply to any further covered services he or she receives for the rest of the year |
| HOME HEALTH CARE<br>Part-time or intermittent visits to one's home to provide skilled nursing care | Unlimited if visits are medically necessary | Full cost of services; 80% of approved amount for durable medical equipment (after $100 deductible) | Nothing for services; $100 deductible plus 20% of approved amount for durable medical equipment | Part B's home health care benefit is available to patients not covered by Part A, which also provides a home health care benefit. |
| OUTPATIENT HOSPITAL TREATMENT | Unlimited if medically necessary | 80% of approved amount (after $100 deductible) | Subject to $100 deductible plus 20% of balance of approved amount, plus any charge above approved amount | The patient must pay all charges in excess of the Medicare-approved amount unless the provider has agreed to accept Medicare's approved amount as full payment |
| OUTPATIENT MENTAL ILLNESS SERVICES | Treatment must be for mental, psychoneurotic and personality disorders | 50% of approved amount (after $100 deductible) with a maximum annual benefit of $1,100 per year | $100 deductible, 50% coinsurance, and all expenses over $1,100 per year | Benefit is available only for psychiatric treatment outside a hospital. Psychologist (non-physician) services are not covered |
| BLOOD | Blood | 80% of approved amount (after $100 deductible and starting with 4th pint) | First 3 pints plus 20% of approved amount (after $100 deductible) | To the extent the blood deductible is met under one part of Medicare during the calendar year, it does not have to be met under the other part. |

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# The Need for Long-Term Care Insurance

## Another Gap in Medicare

Medicare was designed to cover a patient's need for short-term, medical care and treatment. It does not cover the need for long-term, nursing home care. The skilled nursing facility (SNF) benefit is as close as Medicare comes to meeting the long-term care need. However, Medicare defines the SNF benefit so narrowly that the Medicare program only pays 3% of the nation's total nursing home bill. Many persons purchase private insurance policies—called Long-Term Care Insurance—to assure that they are protected against this risk.

## Why Medicare Doesn't Pay

Medicare will not pay for long-term, nursing home care unless:

- The care is provided in a skilled nursing facility. Most U.S. nursing homes (72%) are not SNFs.
- The skilled nursing facility must be Medicare-approved. Nationwide, only about one-third of SNFs are so approved.
- The care must be provided within 30 days after a prior hospital stay of at least three days. In many parts of the U.S., there is a 6-9 month wait to get into a Medicare-approved skilled nursing facility.
- The nursing care required must be at a sufficiently skilled level that it can only be provided by a registered nurse or a licensed practical nurse acting under a doctor's orders.
- The care must be "restorative" in nature. That is, it must be designed to make the patient well, rather than to assist with the patient's custodial care needs, such as eating, dressing and bathing.

## LTC Insurance to the Rescue

Long-Term Care (LTC) Insurance provides coverage for many nursing home confinements that Medicare does not cover. Also, LTC policies increasingly pay for the cost of health services provided to persons living at home.

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